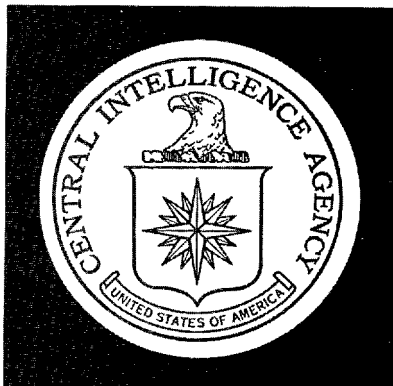


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DIA and DOS review(s) completed.

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[USSR-Czechoslovakia: The Soviet military buildup along Czechoslovakia's borders continued relentlessly as the talks in Cierna went into their third day.

The rear services exercise which began last week in the western USSR has now been extended into Poland and East Germany. The Soviet announcement said that the rear services of the Polish and East German armies were participating. The Soviets probably would want to have at least token participation by the East Germans and Poles should they intervene in Czechoslovakia.

The US Embassy in Warsaw has received reports that Soviet troop reinforcements have crossed into Poland at several points.

Reports of Soviet military convoys and road-blocks in Hungary on 27-29 July indicate that some elements of the four Soviet divisions in Hungary may be moving to the field. No unusual activity on the part of Hungarian military units was observed.

* * * *

Both sides characterized yesterday's session at Cierna as "frank and comradely," the usual formula for noting serious but not total disagreement among Communists.

Moscow has tried to show that it has popular support within Czechoslovakia for some of the Soviet demands probably being tabled at the Cierna meeting. Pravda yesterday printed an alleged letter from a group of Czechoslovak auto workers condemning Czechoslovak public media for their anti-Soviet attitude and supporting the presence of Soviet troops in Czechoslovakia.]

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[The Soviets also appear to be trying to maintain contact with Czechoslovak conservatives. The Czechoslovak daily Prace revealed yesterday that a meeting had been held recently in Czechoslovakia between a Soviet general and a group of Czechoslovak officers led by General Samuel Kodaj, chief of the political directorate of the Eastern Military District.

The Dubcek leadership seems to be taking steps to improve its negotiating position at Cierna. In a move which may have been more significant for its timing than its content, the Czechoslovaks on Monday took a step which could be taken as signifying the imposition of a limited form of censorship. The Interior Ministry issued a 35-page list of official secrets to chief editors and publishers.

Prague, nevertheless, seems determined to defend itself against Moscow's pressure. Yesterday's Rude Pravo said that such pressure would "set a precedent for a revival of Stalinist methods for other socialist countries as well," and this in turn would "undermine the international authority of the USSR."

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South Vietnam: Enemy military operations continued at a low level on 29-30 July, as the Communists apparently concentrated on preparations for new offensives.

* * * *

President Thieu is encouraging the formation of a national Catholic party, [REDACTED]

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He reportedly wants the Catholic Greater Solidarity Force to merge with the recently revitalized Can Lao Party of the Diem era. In addition, Thieu has asked that a Catholic youth group be organized in the Saigon area. These organizations would support his anti-Communist policies.

So far, Thieu has not been identified with Catholic political interests, although he is a Catholic. If he does promote a stronger Catholic political organization, however, he is likely to arouse anti-Catholic apprehensions of many who recall the Diem era with bitterness, particularly the Buddhists.

[REDACTED]

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Youth Festival: The World Youth Festival opened in Sofia this week in an atmosphere of tensions aggravated by strong-arm tactics of the Bulgarian authorities.

The Czechoslovak, Yugoslav, and Israeli delegations reportedly received a frigid reception as they entered the stadium to attend the opening ceremonies on 28 July. The Czechoslovaks responded by chanting in Bulgarian "Our democracy is our affair" and "Dubcek and Svoboda" in front of the reviewing stand filled with Bulgarian dignitaries, including Bulgarian party boss Todor Zhivkov. Arab delegations chanted slogans in support of Palestine Arabs and against Israel and Zionism as they marched into the stadium.

Bulgarian authorities have reacted sharply. Radio Prague claims that Bulgaria confiscated a truckload of Czechoslovak stationery and publicity material, which reportedly included pamphlets explaining the reform program of the Czechoslovak Communist Party. The Czechoslovak delegation responded by sending out press conference invitations written on Bulgarian toilet paper.

Bulgarian militia forcibly restrained festival delegates--predominantly West Europeans--from staging an anti-Vietnam war protest on 29 July outside the US Embassy in Sofia. Radical West German student leader Karl Dietrich Wolff declared that the demonstrators were also protesting the lack of wide political discussion at the festival.

Before the festival ends on 6 August, Bulgarian officials may find it necessary to employ even harsher measures to subdue discordant elements in Sofia, especially if the explosive issue of student restlessness is surfaced.

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Bolivia: President Barrientos' newly installed military cabinet is faced with opposition from all quarters, including the armed forces.

The cabinet-

[redacted] was apparently named in an effort to increase the military's identification with the Barrientos administration and reduce its potential for independent action. The armed forces high command is not happy about this approach. In addition, it disapproves the specific appointments, on which it was not consulted.

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Although the military has proclaimed its continued support for Barrientos, several officers have mentioned the possibility of a coup/

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[redacted] if the situation continues to deteriorate.

There are indications that this cabinet is only temporary and that a civilian cabinet will be named within the next couple of weeks. If such a change does not take place soon, Barrientos risks losing the support of presently progovernment political groups. Opposition groups, and particularly students, are already taking advantage of the military presence in the government to rally opposition to Barrientos.

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[Mexico: Student rioting--the worst in Mexico City in many years--continued through yesterday.

The government's stern action to suppress rampaging preparatory students has probably added greatly to the bitterness of relations between students and the Diaz Ordaz administration. Several students reportedly were killed, two hundred wounded, and 600 arrested after army paratroopers moved in to assist harassed riot police.

The government has blamed Communists and outside agitators for the extent of the violence. Security forces have arrested a number of prominent Communists [REDACTED]

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The government will probably continue to deal harshly with disorderly students and will place a premium on an early end to the affair, which is a particular embarrassment because of the impending Olympic games. [REDACTED]

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USSR-Japan: According to a press report, the USSR and Japan have agreed on the first investment deal involving northern Siberia. Japan is to furnish \$130 million worth of forestry plant and equipment to develop timber resources along the Amur River, and will receive \$160 million worth of Soviet timber over the next five years. Japan will also supply \$30 million worth of consumer goods to the USSR. Problems persist, however, concerning credit terms and the kinds of goods to be exchanged on several projected long-term joint ventures involving the exploitation of Siberian copper and oil resources. [REDACTED]

* * * *

South Korea - West Germany: A recent South Korean Supreme Court decision may ease strained relations between the two countries. The court has ordered the retrial of 12 of 21 ethnic South Korean members of a North Korean spy ring spirited out of West Germany last year by Seoul security agents. The 12 include all who had received death sentences or long-term imprisonment. Bonn has been pressing Seoul for clemency, and a West German Embassy official anticipates that the original sentences will be drastically reduced. [REDACTED]

* * * *

Algeria-Israel: The Algerian cabinet, meeting tomorrow, may be preparing to modify its hard position on the Israeli airliner and the remaining 12 crew members and passengers it has held since 23 July. The Algerians are under considerable pressure from Palestinian organizations not to release the plane under any circumstances or the crew without offsetting Israeli concessions. Military attachés in Tel Aviv expect that Israel will eventually take retaliatory action [REDACTED]

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Iraq: Baghdad's two-week-old government split yesterday as President Bakr ousted two of the new regime's key military leaders. Bakr announced that Premier Nayif and Minister of Defense Daud had been removed from their posts and that he himself had assumed the post of commander in chief of the armed forces. Bakr and his fellow Baathists, however, are likely to meet opposition from military elements who continue to support the ousted leaders. [REDACTED]

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Congo (Brazzaville): President Massamba-Debat's resignation gambit appears to have succeeded. Noting sarcastically that the deadline of 27 July for the opposition to present a qualified presidential replacement had passed, Massamba-Debat announced he would remain in office until the people recall him. His tactics seem to have caught the opposition off guard and may improve his chances of wresting fuller control of the ruling party from the radical-leftists. Infighting in Brazzaville's always turbulent political scene is likely to intensify, however. Massamba-Debat has promised to call the long-postponed party congress sometime after mid-August and prior to legislative elections later in the year. [REDACTED]

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